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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 002588

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SUBJECT: BURGHARDT VISIT: KMT PRESID. CANDIDATE MA
YING-JEOU ON CAMPAIGN, REFERENDUM, CROSS-STRAIT, DEFENSE
BUDGET

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: On December 9, AIT Chairman Burghardt delivered a personal message from Secretary Rice to KMT presidential candidate Ma Ying-jeou. The U.S. respects and supports Taiwan's continued democratic development, which has been made possible by U.S. efforts to foster cross-strait stability. Burghardt urged Ma and the KMT to exercise good judgment in the days and weeks before and after the presidential election, to preserve post-election chances for constructive cross-strait dialogue. Ma expressed appreciation and agreement with the Secretary's message, asserting that it was "in complete conformity" with KMT cross-strait objectives. Ma told Burghardt that U.S. opposition to the DPP referendum had alerted voters to the danger it poses to cross-strait stability. Recent KMT polls, Ma continued, suggest both the DPP and KMT UN referenda will both fail. Ma and defense policy advisor Su Chi told Burghardt the KMT endorsed the purchase of six PAC-III batteries, which would be included in the 2008 defense budget expected to pass next week. End Summary.

12. (C) AIT Chairman Burghardt met with KMT presidential candidate Ma Ying-jeou late on the evening of December 9, 12007. Ma was accompanied by legislator and defense advisor Su Chi, and former ambassador John Feng. AIT Director Young and EAP/TC Acting Director Doug Spelman were also present. A relaxed, casually-dressed Ma told Burghardt he had been busy that day campaigning for legislators in and around Taipei County. Ma went on to say his recent "long-stay" program had been a success, helping Ma to improve his relationships with, and understanding of, rural voters in Taiwan's pro-DPP south. Ma vowed to continue the long-stay program until the eve of the presidential election in March 2008. Ma's vice presidential running mate Vincent Siew had told Burghardt in an earlier meeting that Ma had frequently endured "rustic" conditions during his long-stay program, but maintained that Ma's methodical approach had helped establish the KMT's "Taiwanese" bonafides, reflected in Ma's sustained lead over Hsieh.

SECRETARY'S MESSAGE

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13. (C) Burghardt then delivered a personal message to Ma from Secretary Rice (see text of Secretary's message at paragraph

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13). Burghardt told Ma there is a sense of optimism in Washington that, regardless of who wins the next Taiwan presidential election, the next president could have a real chance to improve cross-Straits relations. The danger is that before the election, and in the days and weeks after the inauguration, irresponsible statements or actions could jeopardize this rare opportunity. For these reasons, the U.S. is urging Taiwan to ensure the presidential election is transparent and fair, so that the results will merit the respect of Taiwan's voters and the international community. If the DPP UN referendum does pass, Burghardt continued, some political leaders may declare it a "vote for independence." Such extravagant claims would do less damage to cross-Straits stability if only one person (i.e., President Chen) makes them. The U.S. is also looking to Ma and the KMT to pass the defense budget without further delay. Burghardt assured Ma that the U.S. continues to exert considerable pressure on Beijing to keep the DPP UN referendum in perspective. Washington has conveyed to Beijing time and time again that passage of the referendum will not affect Taiwan's legal status or its international position. When confronted with the idea of going to war over a legal nullity, Burghardt told Ma, the Chinese have tended to back away from saber-rattling, and to favor more rational alternatives. Ma expressed appreciation for and agreement with the Secretary's message, asserting that it was "in complete conformity" with KMT policy to foster peaceful and stable cross-Straits relations.

REFERENDUM LOSING STEAM?

14. (C) The KMT introduced its own UN referendum to dilute

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public support for the DPP UN referendum, Ma explained, and to prove to voters the KMT understands "Taiwan consciousness." The KMT is actively campaigning for its referendum, Ma continued, primarily to lure votes away from the DPP version. According to Ma, KMT polls conducted in late November (by the reputable National Chengchi University polling center) indicated public support for the DPP UN referendum had dropped to 20 percent; only 16 percent of those polled support the KMT measure, and fully 31 percent of those polled said they plan to abstain from voting on either.

While Ma said "strong, clear" opposition from the U.S. had increased public awareness of the cross-Straits dangers posed by the DPP UN referendum, he also urged the U.S. to voice its objections in even stronger terms. The public had also wearied of President Chen trumpeting the referendum while ignoring bread-and-butter issues like the economy and social welfare, he added. Based on the declining poll numbers, Ma predicted that neither referendum would pass.

15. (C) The Director explained that the U.S. must maintain a careful balance expressing its opposition to the DPP UN referendum while still showing appropriate respect to Taiwan's democratic process. President Chen also seems to score points by standing up to pressure from the U.S. and China. China is perceived as an enemy in Taiwan, Ma responded, while the U.S. is undoubtedly Taiwan's best ally. Conceding that Chen may win some public support by resisting China, Ma insisted that alienating the U.S. gains him nothing.

"UN FOR TAIWAN" UNCONSTITUTIONAL?

16. (C) If the DPP UN referendum does pass, Ma continued, Taiwan's next president might be legally obligated to apply to the UN as "Taiwan," unless doing so was deemed unconstitutional. UN rules require a state to apply for

membership under its "legal" name, argued Ma. Without a change to the constitution, Taiwan's legal name remains the "Republic of China." Ma stated that if elected president, he would put this question to the Council of Grand Justices to decide.

MA'S CROSS-STRAIT PLAN

¶17. (C) Turning to cross-Straits relations, Ma said that if elected, he will seek to improve economic ties first, using the "Macau model" or whatever mechanism is most appropriate to secure direct cross-Straits flights, increased tourism, and ultimately a comprehensive economic agreement to foster cross-Straits trade. Ma envisioned gradually moving from economic issues to questions of cross-Straits security and Taiwan's international space.

¶18. (C) The "one China, different interpretations" rubric of the so-called "1992 Consensus" will be "key" to any kind of dialogue with China, Ma insisted. What about PRC concern that the "different interpretations" element of the '92 Consensus could lead to independence, Burghardt rejoined. The KMT, Ma replied, will reassure the PRC that its interpretation of the '92 Consensus is steadfastly opposed to independence. The PRC should cherish the opportunity to strike a deal with a friendly KMT administration, he predicted. On the other hand, if Beijing decides to play games, Ma surmised, it must know Taiwan might elect another President Chen the next time around. Peace agreement discussions are "a long way off," Ma stated, and would likely be conditioned on the removal of the PRC missiles aimed at Taiwan (although removal of the missiles could itself be a subject of negotiation, Ma noted).

¶19. (C) Ma predicted that weekend charter flights could be up and running within a few months after his inauguration, since most details had already been negotiated. Weekend charter flights could be expanded to daily charter flights (via direct, shortest-distance routes) within a few months, Ma continued, after mechanisms are established to allay Taiwan Defense Ministry air security concerns. Ma said he would ultimately like to see daily direct flights pursuant to an

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air transport agreement (ATA).

¶10. (C) Ma stressed the differences between his and DPP opponent Frank Hsieh's (Chang-ting) policies on cross-Straits flights. While Ma favors unrestricted cross-Straits air transportation, Hsieh has refused to commit himself to anything more than charter flights, which Ma argued will be inadequate to handle the demand. Ma urged Burghardt to press Hsieh for greater clarity, seeming to suggest that Hsieh's hesitation on cross-Straits flights was indicative of greater ambivalence toward improving cross-Straits economic ties. Regardless of his intentions, Ma predicted, the Deep-Greens within the DPP will limit Hsieh's ability to realize significant cross-Straits improvements.

DEFENSE BUDGET: PAC-IIIS ON THE WAY

¶11. (C) Burghardt then asked about the status of the 2008 defense budget. KMT legislator and Ma defense policy advisor Su Chi told Burghardt that the Legislative Yuan (LY) would in the coming week approve the purchase of six PAC-III batteries (in addition to the PAC-II upgrades already approved) and would also approve "frozen" funding for the purchase of F-16 C/D aircraft, pending Washington's approval of the sale. Su said the KMT caucus was acting pursuant to Ma's "direct order" to approve the purchase of the PAC-IIIs. (Note: Su Chi told AIT earlier in the week that Ma had rejected his argument that purchase of the PAC-IIIs was still barred by the failed 2004 missile defense referendum. End note.) Ma asked Burghardt whether he thought Beijing would be less

critical of Taiwan's arms purchases if a KMT president were in office. Beijing's objections will be no less strenuous, replied Burghardt, because the Chinese cannot back away from the position that no one, including the U.S., should sell weapons to Taiwan. Beijing will probably voice its objections to signal to the next U.S. president that arms sales to Taiwan can damage U.S.-PRC relations, added the Director.

CONSPIRACY THEORIES ABOUND

¶12. (C) Burghardt asked about the conspiracy rumors swirling around Taiwan regarding what the DPP might do to clinch a presidential victory, including possible assassination plots, staged public disturbances as pretext for declaration of a state of emergency, and even staged military incidents to provoke a Chinese reaction. (Note: VP running mate Siew told Burghardt separately that both he and Ma are concerned for their personal safety. End note.) Ma replied that anything is possible from President Chen, who, as the president of a democratic country, recently raised the specter of martial law. Burghardt commented that PRC observers had been asking what the "two bullets" would be this time (referring to the March 19, 2004 election-eve shooting which injured President Chen and Vice President Annette Lu). Ma quipped sardonically, "If they're accurate enough, they only need one bullet." In any event, he continued, the KMT is making its contingency plans.

ORAL MESSAGE FROM SECRETARY RICE TO KMT CANDIDATE MA YING-JEOU

¶13. (C) Continued stability in the Taiwan Strait serves the interests of the United States, the PRC, and Taiwan. The U.S. has the highest regard for Taiwan's democracy, and believes that our approach to cross-Strait issues and to Taiwan's security has allowed your democracy to flourish. We have made clear that we deeply regret the DPP's decision to pursue a referendum on UN membership under the name Taiwan, which we believe unnecessarily threatens stability in the Strait and thus your security. This referendum should not take place. We believe that you agree with us on this point.

The U.S. has the highest regard for Taiwan's democracy. It is therefore very important that the upcoming elections be a model of democracy in every way, throughout the electoral

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season and in the period before the inauguration, regardless of electoral outcomes. We also urge you to consider carefully the effect that pronouncements in the course of New Year's messages and your possible inaugural speech will have on the atmosphere of trust that has long characterized Taiwan's relationship with the U.S.

We ask that you continue to show leadership on defense matters, so that the 2008 military budget passes without undue delay and so that Taiwan devotes adequate resources to self-defense programs. We will continue to oppose PRC threats and to urge Beijing to engage in direct dialogue with Taiwan's elected leadership. We will also work to protect Taiwan's international space.

COMMENT

¶14. (C) Ma seemed relaxed and confident, despite his hectic schedule. We take some of Ma's comments, including concerning the DPP referendum and Frank Hsieh's cross-Strait policy, to be in large part motivated by partisan sentiments. It is very much in the KMT's interest to portray to this island's voters the impression that Washington secretly wants Ma to win, despite our oft-restated neutrality toward Taiwan electoral processes. End comment.

¶15. (C) Chairman Burghardt did not have the opportunity to review this message.

YOUNG